



WENDY L. WATANABE
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

February 26, 2014

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **GANN LETTER**

Per Article XIIIB of the State Constitution, the annual calculation of the appropriations (spending) limits under this Article is to be reviewed as part of the annual financial audit. The County's Appropriations Limits review was performed by our external auditors, Macias Gini & O'Connell LLP. Attached is a copy of their report, commonly referred to as the "GANN Letter," for the year ended June 30, 2013. No exceptions were noted.

If you have any questions, please contact me, or your staff may contact Sandy Yoshima at (213) 974-8326.

WLW:JN:CY:sy

Administration\Correspondence\GANN Transmittal FY 2013

Attachment

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer, Board of Supervisors
Public Information Office

COUNTY OF LOS ANGELES

**Independent Accountant's Report on Applying
Agreed-Upon Procedures for
Appropriations Limit Worksheet**

For the Year Ended June 30, 2013



Certified Public Accountants.

**COUNTY OF LOS ANGELES
AGREED-UPON PROCEDURES FOR
APPROPRIATIONS LIMIT CALCULATION**

Table of Contents

	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Appropriations Limit Worksheet	3
Notes to Appropriations Limit Worksheet.....	4



Certified Public Accountants.

Los Angeles
777 S. Figueroa Street, Suite 2500
Los Angeles, CA 90017
213.408.8700

Sacramento

Walnut Creek

Oakland

Century City

Newport Beach

San Diego

Seattle

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Board of Supervisors of the
County of Los Angeles, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the County of Los Angeles, California (County) for the year ended June 30, 2013. These procedures, which were agreed to by the County and the County Accounting Standards and Procedures Committee (as presented in the publication entitled *Article XIII-B California Constitution Appropriation Limit Procedures Guidelines for California Counties*), were performed solely to assist the County in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The County's management is responsible for the accompanying Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the completed worksheets setting forth the calculations necessary to establish the County's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation factors included in the aforementioned worksheets to those that were selected by a recorded vote of the County Board of Supervisors.

Finding: No exceptions were noted as a result of the procedure.

- 2) For the accompanying Appropriations Limit Worksheet, we added last year's limit to the annual adjustment, and agreed resulting amount to this year's limit.

Finding: No exceptions were noted as a result of the procedure.

- 3) We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in Number 1 above.

Finding: No exceptions were noted as a result of the procedure.

- 4) We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the County Board of Supervisors.

Finding: No exceptions were noted as a result of the procedure.

- 5) We compared the net annexation amount representing the reorganization adjustments to the resolution approved by the Board of Supervisors.

Finding: No exceptions were noted as a result of the procedure.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the members of the Board of Supervisors, the County Accounting Standards and Procedures Committee, and management of the County and is not intended to be and should not be used by anyone other than those specified parties.

Macias Jini & O'Connell LLP

Los Angeles, California
February 13, 2014

COUNTY OF LOS ANGELES
Appropriations Limit Worksheet
For the Year Ended June 30, 2013

Countywide

Appropriations limit, fiscal year 2011/12	\$	15,136,811,947
Net annexation adjustments		(682,940)
Subtotal		15,136,129,007

Adjustment factors:

California Per Capita Personal Income (CPCPI)		1.037700000
Population factor	x	1.005900000
Total adjustment factor		1.043822430

Annual adjustment in dollars		663,301,954
------------------------------	--	-------------

Appropriations limit, fiscal year 2012/13	\$	15,799,430,961
---	----	----------------

Special Districts

Appropriations limit, fiscal year 2011/12	\$	1,569,134,093
---	----	---------------

Adjustment factors:

CPCPI		1.037700000
Population factor	x	1.003800000
Total adjustment factor		1.041643260

Annual adjustment in dollars		65,343,859
------------------------------	--	------------

Appropriations limit, fiscal year 2012/13	\$	1,634,477,952
---	----	---------------

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Appropriations limit, fiscal year 2011/12	\$	1,998,930
---	----	-----------

Adjustment factors:

CPCPI		1.037700000
Population factor	x	1.005900000
Total adjustment factor		1.043822430

Annual adjustment in dollars		87,598
------------------------------	--	--------

Appropriations limit, fiscal year 2012/13	\$	2,086,528
---	----	-----------

See Accompanying Notes to Appropriations Limit Worksheet.

COUNTY OF LOS ANGELES
Notes to Appropriations Limit Worksheet
For the Year Ended June 30, 2013

(1) 2011-12 Appropriations Limit Adjustments

Net countywide annexation adjustments resulted in a decrease of \$682,940 to the previously reported 2011-12 Appropriations Limit. This property tax revenue transfer from the County of Los Angeles (County) is associated with the cities of Hawthorne, Santa Clarita, Palmdale and Long Beach. The transfers related to the cities of Hawthorne, Santa Clarita and Palmdale represent the negotiated exchange of property tax revenue resulting from the proposed annexation of various territories. The City of Long Beach transfer represents the proposed reorganization in a boundary change between Los Angeles County and Orange County.

(2) Adjustment Factors

The County, as allowed by law, has chosen to use various population factors to compute its adjustment factors for the year ended June 30, 2013. The Countywide population factor uses the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to the County. The population factor for each of the special districts is based solely on the change in population within the County. The County and each special district governed by the County Board of Supervisors choose to use the percentage change in the California Per Capita Personal Income (CPCPI), provided by the California Department of Finance. Such factors are as follows:

Countywide:

CPCPI		1.037700000
Population Factor	x	1.005900000
Adjustment Factor		<u><u>1.043822430</u></u>

Special Districts:

CPCPI		1.037700000
Population Factor	x	1.003800000
Adjustment Factor		<u><u>1.041643260</u></u>

Calabasas and Malibu Lighting Districts and

Malibu Garbage Disposal Districts:

CPCPI		1.037700000
Population Factor	x	1.005900000
Adjustment Factor		<u><u>1.043822430</u></u>

(3) Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts are County subunits, not independent legal entities. Although their revenue is separately tracked, Malibu and Calabasas Districts would only exceed their Appropriation Limit if the County exceeded its Appropriation Limit.